

## Message Text

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ACTION EUR-12

INFO OCT-01 AF-08 ARA-06 EA-07 EUR-12 NEA-10 IO-13 ISO-00

AGRE-00 CEA-01 CIAE-00 COME-00 DODE-00 EB-08 FRB-03

H-01 INR-07 INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01

AID-05 SS-15 STR-04 ITC-01 TRSE-00 USIA-06 PRS-01

SP-02 FEAE-00 OMB-01 SIL-01 OIC-02 /133 W

-----091348Z 085974 /45

R 091232Z MAR 77

FM US MISSION EC BRUSSELS

TO SECSTATE WASHDC 3198

INFO ALL EC CAPTIALS 3231

AMEMBASSY OTTAWA

AMEMBASSY NEW DELHI

USMISSION GENEVA

LIMITED OFFICIAL USE EC BRUSSELS 2240

E.O. 11652: N/A

TAGS: FAO MEETING ON HARD FIBERS

REF: (A) STATE 45325, (B) LONDON 3821, (C) BRUSSELS 2184

1. SUMMARY: EC COMMISSION OFFICIALS INDICATE THAT THE COMMUNITY HAS ADOPTED A COMMON POSITION ON THE MAJOR ITEMS TO BE DISCUSSED AT THE FAO INTERGOVERNMENTAL GROUP (IGG) MEETING ON HARD FIBERS. THE EC SUPPORTS INFORMAL ARRANGEMENTS TO MONITOR THE MARKET AND THE CONTINUATION OF INDICATIVE PRICES AND QUOTAS. END SUMMARY.

2. A MISSION OFFICER DISCUSSED EC POSITION FOR SUBJECT MEETING WITH LEHAMBRE, WHO HANDLES HARD FIBERS FOR THE EC COMMISSION AND PLANS TO ATTEND NEW DELHI MEETING. LE HAMBRE SAYS EC HAS ADOPTED THE FOLLOWING COMMON POSITIONS ON MAJOR AGENDA ITEMS:

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A. PRESENT SITUATION: LEHAMBRE SUMMARIZES THE EC OPENING STATEMENT AS FOLLOWS. EC SISAL PROCESSING INDUSTRIES ARE IN DIFFICULTY BECAUSE OF THE SHARP FALL IN SISAL IMPORTS; THESE IMPORTS HAVE FALLEN BY 56 PERCENT OVER PAST THREE YEARS. INCREASED COMPETITION FROM SISAL TWINE IMPORTS AND SYNTHETICS HAS CAUSED EC TWINE PRODUCTION TO FALL FROM 258,000 MT IN 1973 TO

130,000 IN 1976. THE EC STATES THAT THE PRICING POLICIES OF SOME PRODUCER/PROCESSING COUNTRIES IS CONTRIBUTING TO INCREASED CONSUMPTION OF SYNTHETICS AND TO A FALL IN SISAL TWINE PRODUCTION. THESE POLICIES HAVE CREATED A SERIOUS SITUATION FOR EC INDUSTRY. THE EC CALLS FOR MEASURES TO IMPROVE CURRENT MARKET CONDITIONS.

B. GOVERNMENT INTERVENTION: THE EC PROPOSES THAT PRODUCERS/CONSUMERS CONFIRM THEIR PREVIOUS AGREEMENT TO AN INDICATIVE PRICE FOR THE RAW MATERIALS. THE IGG SHOULD AGREE TO A PRICE DIFFERENTIAL BETWEEN HARVEST TWINE AND SISAL TWINE AND FIBRE OF \$200 - 220 PER MT. IT SUGGESTS THAT THE GROUP ESTABLISH AN EXPERT GROUP DURING THE SESSION TO PREPARE A DETAILED PRICE PROPOSAL.

C. MONITORING: LEHAMBRE SAYS THAT THE EC SUPPORTS INFORMAL ARRANGEMENTS TO MONITOR PRICES AND QUOTAS. IT SUGGESTS IMPROVING THE EXCHANGE OF INFORMATION BETWEEN CONSUMERS AND PRODUCERS AND ORGANIZING SPECIAL SURVEILLANCE MEETINGS BETWEEN REGULAR MEETINGS OF THE IGG.

D. UNCTAD INTEGRATED PROGRAM: THE EC DOES NOT PLAN TO TAKE THE INITIATIVE ON THIS ITEM. ITS POSITION TOWARD UNCTAD DISCUSSIONS WILL DEPEND LARGELY ON THE OUTCOME OF THE IGG. HOWEVER, IF CERTAIN PRODUCERS AND CONSUMERS CONTINUE TO REFUSE TO COOPERATE WITH THE LIMITED OFFICIAL USE

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AGREED INFORMAL ARRANGEMENTS, THE EC SEES LITTLE UTILITY IN UNDERTAKING DISCUSSIONS WITHIN THE UNCTAD. IT FAVORS USING FAO EXPERTISE IN PREPARING FOR UNCTAD DISCUSSIONS.

3. AS INDICATED IN REF C, THE EC IS CURRENTLY CONSIDERING CHARGING BRAZIL AND MEXICO WITH DUMPING SISAL TWINE IN THE EC. THE COMMISSION WILL NOT DECIDE ON THE DISPOSITION OF THIS CASE BEFORE THE END OF THE IGG. THE EC, HOWEVER, PLANS TO BRING THE GROUP'S ATTENTION TO THE PENDING CASE IN ORDER TO DEMONSTRATE TO PRODUCERS THAT IT PLANS TO PREVENT FURTHER DISRUPTION OF ITS MARKET.

4. LEHAMBRE SAYS THAT THE UK, NETHERLANDS AND FRG WILL SEND REPRESENTATIVES FROM THEIR CAPITALS TO THE MEETING. THE OTHER MEMBER STATES WILL BE REPRESENTED BY EMBASSY OFFICIALS IN NEW DELHI. AS THE PRESIDENT OF THE EC COUNCIL, WILSHIRE OF THE UK DEPARTMENT OF INDUSTRY

WILL SPEAK JOINTLY WITH LEHAMBRE FOR THE EC ON MATTERS  
ON WHICH THE EC HAS A COMMON POSITION.HINTON

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## Message Attributes

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